

# News

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**Bureau of Labor Statistics**

**Dallas, TX 75202**

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## **JUNE 2000 CONSUMER PRICE INDEX HOUSTON-GALVESTON-BRAZORIA, TEXAS**

Retail prices in the Houston-Galveston-Brazoria metropolitan area rose 0.9 percent during May and June (not seasonally adjusted), according to data released today by the Bureau of Labor Statistics of the U.S. Department of Labor. This followed a gain of 0.4 percent in the previous bimonthly period. Bob Gaddie, Regional Commissioner for the Bureau, stated that higher energy costs for both homes and automobiles was the most important factor in the latest increase. In addition, an upward movement in food prices more than offset May/June declines in several other major categories. The Regional Commissioner noted that because these data are not adjusted for seasonal price variation, consumers and businesses should be cautious in drawing conclusions about long-term retail price trends from short-term changes in the Consumer Price Index.

The Houston Consumer Price Index for All Urban Consumers (CPI-U) stood at 154.0 (1982-84=100) in June, 3.8 percent above the year-ago level. A typical market basket of goods and services that cost \$100.00 in 1982-84, therefore, cost \$154.00 last month. Primarily as a result of accelerating energy gains, overall annual increases have been 2.9 percent or higher in the Houston area since December 1999. This followed yearly advances ranging from 0.3 percent to 1.8 percent in each period between December 1997 and October 1999.

The housing index rose 1.6 percent during May and June mainly due to the introduction of summer electricity schedules. Higher seasonal rates helped to push these costs up 21.5 percent. However, over the year, electricity prices were still down 0.8 percent. In contrast, natural gas prices were unchanged during the bimonthly period but 6.4 percent above one year ago. Shelter costs advanced 0.3 percent in May/June as the cost of both owning and renting a home rose. Partially offsetting these gains, prices for household furnishings and operations fell 1.6 percent. During the year ended in June 2000, total housing costs rose 2.8 percent.

## Houston Consumer Price Index - June 2000 (Continued)

The transportation index rose 1.0 percent during May and June after rising 1.5 percent in the previous period. Gasoline prices were up 4.5 percent during the bimonthly period with all of the gain actually occurring during June when costs jumped 5.7 percent. While well below the recent March surge of 11.5 percent, the current monthly increase was the largest for any June period since 1986 (up 6.9 percent). The average price of a gallon of gasoline stood at \$1.571 -- the highest on record. During the last 12 months, the gasoline index was up 40.9 percent. Higher airfares were also a contributing factor in both the bimonthly and yearly advance and helped place the total cost of transportation 8.2 percent above a year ago. This was the biggest annual increase since December 1990 when the index rose 11.6 percent.

Food and beverage prices advanced sharply during May/June, rising 2.0 percent. Grocery store costs advanced 2.3 percent and restaurant meals rose 1.7 percent. Nearly all of the bimonthly increase in grocery prices took place in May while declines registered in several food groups in June were insufficient to offset the earlier gains. During the bimonthly period, higher prices were noted for beef and veal, bakery products, citrus fruits, and selected fresh vegetables. In contrast, costs fell for a wide range of nonalcoholic beverages as well as miscellaneous prepared foods. Over the year, food and beverage prices rose 3.9 percent.

The remaining categories helped to slow the overall rate of increase during the bimonthly period by declining or advancing only slightly. Reflecting end-of-season reductions, the apparel index fell 3.9 percent in May and June, after increasing 3.3 percent in the prior period. Lower prices were concentrated in women's clothing, particularly dresses, suits and separates, and shoes. Over the year, the apparel index rose 5.1 percent. Education and communication costs fell for the second consecutive period, down 1.1 percent in May/June. This movement placed the index 2.1 percent below a year ago. Recreation costs slipped 0.4 percent -- the first decline since September/October 1999. Over the year, costs rose 2.9 percent. The indexes for other goods and services as well as medical care each rose 0.2 percent in May and June following slight dips in March/April. During the year ended in June, medical costs increased 1.4 percent, while other goods and services rose at a faster pace of 4.7 percent.